

MICHIGAN

Department of Treasury
Tobacco Tax Section
Electronic Filing
General Instructions



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Chapter 1 - Introduction

General

Thank you for your interest in the Michigan Department of Treasury Tobacco Tax Electronic Filing (E-Filing) Program. This guide includes general instructions needed to file tobacco tax returns and reports electronically with the Michigan Department of Treasury. This guide is designed to provide the rules, procedures, and technical requirements for the electronic filing of tobacco taxes by Information Providers (Michigan licensees and registrants), Electronic Return Originators (ERO) (also known as Transmitters”), and Electronic Filing Software Developers, collectively referred to as Electronic Participants. All areas presented in this guide and the ASCII file format document must be followed for successful participation in the E-Filing Program. Information Providers eligible to participate in the E-Filing Program include Wholesalers and Unclassified Acquirers of cigarettes and other tobacco products.. All filers will have the option to file using a web direct format.

The purpose of this guide is to present the business issues, which must be addressed by any tax filer.

Treasury Contact

Direct questions regarding the tobacco E-Filing Program to the Tobacco Products Unit between the hours of 8:00 a.m. and 4:45 p.m., Eastern Standard Time, Monday through Friday, at:

Phone: (517) 636-4630

FAX: (517) 636-4631

E-mail: www.michigan.gov/tobaccotaxes

You may write to us at the following address:

Michigan Dept. of Treasury
Customer Contact Division, Special Taxes
Tobacco Products Tax Unit
Lansing, MI 48922

Assistance for Persons with Disabilities

Assistance for persons with hearing or speech impairments can be obtained by calling (517) 636-4999 (TTY) between the hours of 8:00 a.m. and 4:45 p.m., Eastern Standard Time, Monday through Friday.

Document Updates

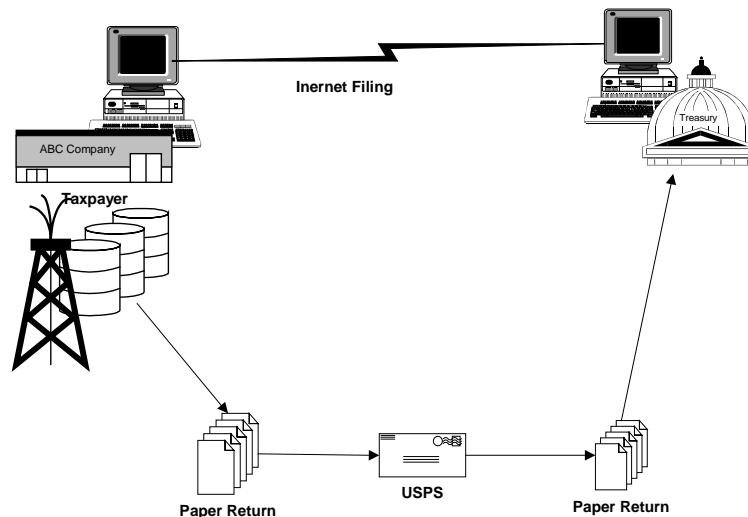
The information contained in this guide is subject to change. If you are an Electronic Participant in the Treasury E-Filing Program, Treasury will notify you when updated versions of this guide are available for download from the Treasury tobacco e-file web site at www.michigan.gov/tobaccotaxes.. Updates may include, but are not limited to:

- Changes in tobacco tax laws and regulations
- Changes to tobacco tax returns or reports
- Changes in tobacco tax rates
- New or additional schedules
- New or additional tax forms added to the tobacco E-Filing Program
- Changes in tobacco E-Filing Program rules or requirements

Basic Introduction to Electronic Information Flow

The figure below illustrates the information flow from taxpayer to tax authority both in the paper and electronic processing environment. To effectively and efficiently process large volumes of information, both parties to the transaction need to eliminate paper processing by sharing information electronically. Electronically both parties can communicate and resolve errors faster; thereby reducing cost related to overhead.

Information Flow Model



The electronic documents can be transmitted directly between Trading Partners. Trading Partners establish rules by which information is shared. They document these rules in a Trading Partner Agreement (TPA). The Department will require the use of a TPA by all Electronic Participants that select ASII Fixed Length Flat File Filing Option before any information is exchanged electronically. The Tobacco Production Electronic Filing Application must be completed and signed by both ASII Fixed Length Flat Filers and Web Direct Filers. Web Direct Filers are not required to complete and submit a Trading Partner Agreement.

Chapter 2 - Program Overview

This document is the reference for the ASCII Fixed Length Flat File Format for the tobacco program.

Role of the Software Developer

Proper formatting and strict adherence to these guidelines are necessary for successful electronic filing. The users of the software rely on their software developer to provide a system that is easy to use and understand, fits their business needs, and ensures accurate translation of their tax filing data.

Program Benefits

Treasury has designed an Electronic Filing (E-File) and Electronic Funds Transfer (EFT) program for the electronic filing and payment of tobacco tax returns and taxes.

Advantages of participating in Treasury's EDI and EFT Program include:

- Elimination of cost and time to generate, sign and mail returns and checks.
- Rapid and secure receipt of tobacco tax returns data allowing for faster processing and response.
- Comprehensive audit trail for both the return and payment.
- Elimination of postal delays and possible late filing/payment fees.
- A consistent, standard format, resulting in easier and less costly implementation efforts.
- Allows Treasury to implement a tobacco tracking system. This enables the Department to track tobacco and reduces tobacco tax fraud, which keeps tobacco tax evaders from undercutting honest tobacco marketers.

Who Can Participate

The tobacco E-Filing Program is open to taxpayers and information providers that are required to file the following tobacco tax returns and information reports:

Valid Transmission Methods

Treasury will only accept electronic tobacco tax returns and reports transmitted via the Internet. No magnetic tape filing or data stored on a floppy diskette will be accepted.

Web Direct Filing

Web direct filing option is available for all filers but careful consideration must be taken when selecting this option. Web direct filing allows you to complete your tax return forms online. To use this option, you must enter in all required tax return information on each schedule form. Depending on the schedules you are required to file based on your license type, this option may include entering all required detail data on each shipment of tobacco.

Security

Treasury's tobacco E-Filing Program uses the Internet to receive and transmit tobacco tax returns and reports. It incorporates the following technological attributes to ensure data security: User-ID, Password, Data Encryption, Electronic Signature (Authorization and Security Codes), and Confirmations. Each Electronic Participant must also use security procedures that are reasonably sufficient and use its best efforts to ensure that all transmissions of tobacco tax returns and reports are authorized. An Electronic Participant must take the necessary precautions to safeguard their technological attributes and notify Treasury at (517) 636-4630 when they have knowledge that the technological attributes have been compromised or a change in an authorized representative has occurred.

Requirement to Provide FEIN

Information Providers are required to obtain and report the FEIN (Federal Employer Identification Number), SSN (Social Security Number) or Treasury assigned account number (TR or ME number) of all persons involved in a reportable tobacco transaction. An Information Provider is also required to furnish its FEIN, SSN or Canadian Social Insurance number upon the request of another Information Provider involved in a reportable tobacco transaction.

Chapter 3 - Getting Started

Registration

All tax return and information report filers who file electronically must register with the Department. Filers must complete and submit an Electronic Tobacco Application (form 4154) and a Trading Partner Agreement (form 3999) to participate in the tobacco Tax E-File Program.

All filers who choose to make payments by Electronic Funds Transfer (EFT) must also register with the Department. Taxpayers must complete and submit an EFT Application for ACH Debit (form 4240) or an EFT Application for ACH Credit (form 3239). **Note:** *ACH Debit (with warehousing)*

The Application and Trading Partner Agreement is to be completed, signed and returned to the Michigan Department of Treasury. These agreements are key documents setting forth the rights and obligations of the parties. A trading partner agreement and application for e-filing can be obtained from the address below or from the tobacco E-Filing web site at www.michigan.gov/tobaccotaxes. Please mail the completed forms to:

EDI Coordinator
Michigan Dept. of Treasury
Customer Contact Division, Special Taxes
Tobacco Products Tax Unit
Treasury Building
Lansing, MI 48922

Receipt of the completed forms will establish the registration of a taxpayer for filing through the EDI Program.

Timely Filing

All monthly returns and reports must be filed on or before the 20th day of the month following the month in which the transaction took place. The payment or EFT transactions must also be postmarked/received on or before the due date. Example, for March transactions, the Tobacco Tax report/return is due by April 20th.

Treasury bases timeliness of the return on the Acceptance Date of the electronic tax return.

If payments are not received by the due date of the return, penalty and interest charges may be assessed.

Acknowledgments

File acknowledgements will be provided immediately upon the filer's successful submission of a Tax Return via the Michigan Internet file submission Web Page. Each Filer will receive a confirmation number verifying the successful receipt of submitted filing. All transmission or data errors will result in the filer being contacted to correct and resubmit report submissions.

Testing Procedures

These are the steps you will need to follow for testing and approval by Treasury of your EDI tax filing.

1. Complete and submit the required application(s) and Trading Partner agreement.
2. You will be contacted and given instructions for testing.
3. Once you have successfully submitted two test files for different periods, you will be switched to production.
4. In production, you will fax a hardcopy of the return only (no detail schedules) for two periods. After that time you will not be required to fax a copy of the form.

Amended Returns

Amended returns are to be filed in the same manner as the original return. Original returns filed via paper return must be amended with a paper amended return. Original returns that were filed electronically must be amended electronically. **Electronic amendment submissions should provide only those schedule details representing / identifying the corrected shipments.**

Errors that are identified by Treasury or discovered by the Electronic Participant should be corrected and submitted with the current month's file or as a supplemental transmission that includes only the corrections. The ASCII Fixed Length Flat File filers should enter "A" in column 3, Return Type as indicated in the file layout.

Regardless of whether the error corrections are made on the current month's filing or by filing supplemental data, the preferred method for reporting corrections is to report a reverse entry to back out the original reporting, followed by an entry to report the corrected data.

Important Tips

- Failure to file as specified may incur penalty of 5% per month (not to exceed 25%) of the tax due and interest accrued per day to be assessed as provided by The Revenue Act.
- Failure to file an informational return will subject you to a \$10.00 penalty per day (not to exceed \$400) as provided by The Revenue Act. .
- Please make certain that the information on the tax return is correct before filing by paper or electronically. The information reported on the front of the tobacco Tax Return must be supported by the detail information found on the proper schedules.
- Please provide complete information. Do not shorten names or cities unless an abbreviation is required.
- You must enter the invoice number on each schedule.

Chapter 4 – Miscellaneous Information

Brand Codes

An up-to-date list of Brand Codes can be found on the Michigan Department of Treasury tobacco website at:

www.michigan.gov/tobaccotaxes

Sample Paper Forms

Sample paper forms can be found on the Michigan Department of Treasury website at:

www.michigan.gov/tobaccotaxes

Sample File Formats

Sample file formats can be found on the Michigan Department of Treasury tobacco website at:

www.michigan.gov/tobaccotaxes

USA States, Canadian Provinces/Territories and Mexican State Abbreviations

USA (US) State	Abbreviation	Canadian (CA) Province/Territory	Abbreviation
Alabama	AL	Alberta	AB
Alaska	AK	British Columbia	BC
Arizona	AZ	Manitoba	MB
Arkansas	AR	New Brunswick	NB
California	CA	Newfoundland	NF
Colorado	CO	Northwest Territory	NT
Connecticut	CT	Nova Scotia	NS
Delaware	DE	Nunavut	NU
District of Columbia	DC	Ontario	ON
Florida	FL	Prince Edward Island	PE
Georgia	GA	Quebec	QC
Hawaii	HI	Saskatchewan	SK
Idaho	ID	Yukon Territory	YT
Illinois	IL		
Indiana	IN	Mexican (MX) State	Abbreviation
Iowa	IA	Aguascalientes	AG
Kansas	KS	Baja California	BJ
Kentucky	KY	Baja California Sur	BS
Louisiana	LA	Campeche	CP
Maine	ME	Chiapas	CH
Maryland	MD	Chihuahua	CI
Massachusetts	MA	Coahuila	CU
Michigan	MI	Colima	CL
Minnesota	MN	Distrito Federal	DF
Mississippi	MS	Durango	DG
Missouri	MO	Guanajuato	GJ
Montana	MT	Guerrero	GR
Nebraska	NE	Hidalgo	HG
Nevada	NV	Jalisco	JA
New Hampshire	NH	Mexico	EM
New Jersey	NJ	Michoacan	MH
New Mexico	NM	Morelos	MR
New York	NY	Nayarit	NA
North Carolina	NC	Nuevo Leon	NL
North Dakota	ND	Oaxaca	OA
Ohio	OH	Puebla	PU
Oklahoma	OK	Queretaro	QA
Oregon	OR	Quintana Roo	QR
Pennsylvania	PA	San Luis Potosi	SL
Rhode Island	RI	Sinaloa	SI
South Carolina	SC	Sonora	SO
South Dakota	SD	Tabasco	TA
Tennessee	TN	Tamaulipas	TM
Texas	TX	Tlaxcala	TL
Utah	UT	Veracruz	VZ
Vermont	VT	Yucatan	YC
Virginia	VA	Zacatecas	ZT
Washington	WA		
West Virginia	WV		
Wisconsin	WI		
Wyoming	WY		

